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The Impact of Transformational Leadership Style and Work Discipline on Employee Performance in the Regional Revenue Agency of South Sumatra Province

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Abstract---This research investigates the influence of transformational leadership style and work discipline on employee performance in the Regional Revenue Agency of South Sumatra Province. The population of this study comprises all civil servants (PNS) in the Regional Revenue Agency of South Sumatra Province in 2023, totaling 107 employees, all of whom were included as samples using a census technique. The multiple linear regression analysis results indicate that transformational leadership style and work discipline positively and significantly impact employee performance. The role of transformational leadership style necessitates the provision of appreciation, support, and motivation to employees. Additionally, work discipline requires strict measures for employees who violate institutional regulations, such as issuing warning letters to those who frequently breach the established rules, especially regarding attendance during working hours. Furthermore, leaving the office should align with approved permissions and be related to work responsibilities rather than personal interests.

Keywords---performance, transformational leadership style, work discipline.

Introduction

In this modern era, many companies strive to excel in competition, making their human resources a primary focus. High-quality human resources or employees can place a company on the path of competition or even make it a leader in the industry. Low employee performance in a company can be attributed to workplace attendance issues resulting from a lack of work discipline and ineffective time management in carrying out tasks, ultimately contributing to diminished performance levels (Yanti, 2022).

The Regional Revenue Agency of South Sumatra Province, located on Jl. POM IX, Lorok Pakjo, Ilir Barat 1 Subdistrict, Palembang City, South Sumatra 30137, was established based on regional, Governor, and provincial regulations. The total number of civil servant employees (ASN PNS) in the Regional Revenue Agency of South

Sumatra Province in 2023 is 405 employees, consisting of 79 ASN PNS at the central office and 326 ASN PNS at the Regional Revenue Management Office within the South Sumatra Province region (regional samsat office).

The performance evaluation data of the Regional Revenue Agency of South Sumatra Province shows that no employee has achieved a performance score of 100, the highest possible score. The lowest performance score falls within the range of 75.00-80.99, with two employees constituting 1.86%. This is attributed to employees needing to submit reports or complete tasks within the specified time frame. The performance scores between 81.00 and 85.99 include 37 employees, representing 34.57%. Many employees adhere to rules and perform tasks as stipulated in this range. Scores between 86.00 and 90.99 involve 40 employees, making up 37.38%. This indicates that many employees follow regulations and complete assigned tasks. Scores between 91.00 and 95.5 involve 28 employees, accounting for 26.16%. This evaluation category assesses and promotes positions to become section heads, explaining why fewer employees receive scores in this range. Performance evaluations are conducted by the subsection head per unit within the department each year (Arif & Akram, 2022; Bass et al., 2003; Chan et al., 2022; Dube & Zhu, 2021).

As a leader, the Head of the Regional Revenue Agency of South Sumatra Province, Mrs. Drs. Hj. Neng Muhaibah, S.E., M.M, plays a crucial role in assisting the Governor in implementing decentralization and deconcentration duties in the field of regional revenue. This includes achieving revenue targets, particularly from the Local Own Revenue (PAD) of South Sumatra Province, which includes the most significant component—local tax revenue. The components of local tax revenue consist of Vehicle Tax (PKB), Vehicle Ownership Transfer Fee (BBN-KB), Vehicle Fuel Tax (PBB-KB), Surface Water Tax (PAP), and Cigarette Tax. Achieving these targets relies on a transformational leader, motivating subordinates to innovate in reaching revenue targets. Various innovations, such as installing Qris and EDC machines in all samsat offices in South Sumatra Province, Digital Road Tax Stickers, POCADI (Digital Reading Corner), Samsat Corner, Drive-Thru Services, Launching the Modern E-Dempo Channel, and Vehicle Tax Exemption (PKB), SRUNTING SAKTI (Instantaneous, Accurate, and Definite Samsat in Stalls/Stores), have been implemented by the Regional Revenue Agency and the Regional Revenue Management Office within the South Sumatra Province region (Harb & Sidani, 2019; Manzoor et al., 2019; Irawan & Kusjono, 2021).

The Regional Revenue Agency of South Sumatra Province continuously strives to enhance discipline by implementing several policies for all office employees. These policies include morning assemblies every Monday to Friday, strict attendance schedules using fingerprint technology, and manual attendance for employees who have recently transferred to the Regional Revenue Agency of South Sumatra Province while waiting for the fingerprint attendance system to be updated by the Regional Finance and Asset Management Agency (BPKAD) of South Sumatra Province. This is related to the Governor of South Sumatra's policy on providing Income Improvement Allowance (TPP). The latest entry time for work is 07:30 AM, and employees are expected to take attendance seriously and avoid mistakes. If employees violate any of the established government policies, consequences such as warning letters and reductions in TPP for each employee may follow (Ng, 2017; Dall'Ora et al., 2016; Karatepe et al., 2006; Kawiana et al., 2018).

The Regional Revenue Agency of South Sumatra Province emphasizes to all its human resources the importance of achieving good performance. The attendance data for ASN Civil Servant employees from January to August 2023 shows a 96.69% attendance rate, with 3.31% absent. Absences include 0.15% due to illness (S), 0.12% due to leave (I), 2.62% due to vacation (C), and 0.41% without proper notification (TK). The data for the previous year cannot be retrieved immediately by the Regional Revenue Agency of South Sumatra Province because it is directly connected to the Regional Personnel Agency (BKD) and the Regional Finance and Asset Management Agency (BPKAD), which are already linked to the National Civil Service e-Performance application. Therefore, retrieving data from previous years would require considerable time (Mondy, 2008; Moningkey & Dotulong, 2022; Mutholib & Ammy, 2022).

Based on the interview results in September 2023, the Head of the General Affairs and Personnel Subdivision of the Regional Revenue Agency of South Sumatra Province stated that Civil Servants in the agency exhibit weaknesses and the discipline at work still needs to be improved. This includes arriving late to the office, delaying office tasks, not utilizing office facilities effectively, and some employees leaving their tasks during working hours without valid reasons. Additionally, some employees are observed sitting idle without actively working. The decline in employee performance can lead to a decrease in organizational performance within the Regional Revenue Agency of South Sumatra Province, particularly in not achieving the Local Own Revenue target in the province. The number of absent employees also hampers their team's effectiveness in carrying out their core duties and functions in the workplace, resulting in a lack of resources to maximize revenue for the South Sumatra Province Local Own Revenue (PAD) (Menges et al., 2011; Samad, 2012; Nguyen et al., 2017; Herman & Chiu, 2014).

Research Method

The population in this study consists of Civil Servant Employees (ASN PNS) at the Regional Revenue Agency of South Sumatra Province in the year 2023, totaling 107 employees. The distribution includes 48 individuals in the Secretariat Section, 13 in the Tax Department, 9 in the PDLL, Grants, Levies & Central Receipts Department, 11 in the Supervision and Development Department, and 13 each in the Revenue Development and Processing Department and the Puslia UPTB. The sample size is determined in this research through the census method (saturation sampling), a sampling technique where all population members are used as samples. The sampling method used in this research is saturation, where all population members are used as respondents. In this study, the respondents are 107 ASN Civil Servant Employees at the Regional Revenue Agency of South Sumatra Province in 2023.

Result and Discussion

- 1) The constant value of 0.726 indicates the magnitude of employee performance when the transformational leadership style (X1) and work discipline (X2) is zero.
- 2) The regression coefficient value of the transformational leadership style variable is 0.517, meaning that an increase in the transformational leadership style leads to an increase in employee performance at the Regional Revenue Agency of South Sumatra Province. Based on the calculations, the significance obtained is $0.000 < 0.05$. A significance of $0.000 < 0.05$ indicates that the first hypothesis is accepted. This value and a regression coefficient of 0.517 show a positive influence between the transformational leadership style and employee performance.
- 3) The regression coefficient value of the work discipline variable is 0.356, meaning that an increase in work discipline leads to an increase in employee performance at the Regional Revenue Agency of South Sumatra Province. Based on the calculations, the significance obtained is $0.000 < 0.05$. A significance of $0.000 < 0.05$ indicates that the second hypothesis is accepted. This value and a regression coefficient of 0.356 show a positive influence between work discipline and employee performance.

The influence of transformational leadership style on employee performance at the regional revenue agency of South Sumatra Province

The analysis results in this study indicate that the transformational leadership style positively and significantly impacts employee performance, thus accepting the first hypothesis. In the charisma dimension at the Regional Revenue Agency of South Sumatra Province, the percentage of Agree and Strongly Agree responses is 83.79%, categorized as "Good." This indicates that superiors have a cheerful charisma that earns employees' respect and trust in their decision-making and leadership. However, with some respondents expressing "Disagree," there is an indication that some employees still do not fully trust their superiors (Paais & Pattiruhu, 2020; Pane, 2022; Paolucci, 2019; Rozi, 2019).

In the inspirational motivation dimension at the Regional Revenue Agency of South Sumatra Province, the average percentage of Agree and Strongly Agree responses is 69.2%. This indicates that superiors can inspire and motivate the team enthusiastically for the performance results, falling into the "Fairly Good." However, with some respondents expressing "Strongly Disagree" and "Disagree," there is an indication that some employees feel a lack of inspiration, motivation, and appreciation from their superiors for their work (Shi et al., 2020; Soss & Fording, 2021; Sugiyono, 2016; GÜngör, 2011).

The results in the intellectual stimulation dimension show an average of 90.7% of Agree and Strongly Agree responses. This indicates that the role of superiors at the Regional Revenue Agency of South Sumatra Province in providing support, ideas as input, and opportunities for employees to express their opinions is perceived as "Good." However, with some respondents expressing "Strongly Disagree" and "Disagree," there is an indication that some employees feel a lack of opportunities from superiors to provide feedback.

In the individual consideration dimension, the average percentage of Agree and Strongly Agree responses is 93.85%, categorized as "Good." This indicates that superiors at the Regional Revenue Agency of South Sumatra Province allow all employees to develop skills and improve. Superiors provide opportunities for training to employees who need it, especially with frequent job rotations that may not align with their education and job descriptions. Thus, training is needed to ensure employees can deliver performance results per the institution's targets and expectations. However, with some respondents expressing "Strongly Disagree" and "Disagree," there is an

indication that some employees feel a lack of opportunities to develop knowledge and skills (Kalsoom et al., 2018; Lai et al., 2020; Merchant et al., 2003; Pant & Yadav, 2016).

Based on the overall respondent responses for the transformational leadership style variable (X1), it can be concluded that, out of the five dimensions of transformational leadership style, the highest percentage of "Agree" and "Strongly Agree" responses is 93.85%, observed in the individual consideration dimension. The lowest percentage is in the inspirational motivation dimension, 69.2%. This indicates that the transformational leadership style at the Regional Revenue Agency of South Sumatra Province is perceived as "Fairly Good."

The influence of work discipline on employee performance at the regional revenue agency of South Sumatra Province

The analysis results in this study show that work discipline has a positive and significant impact on employee performance, thus accepting the second hypothesis. Based on the respondents' responses in the attendance dimension, the percentage of Agree and Strongly Agree responses is 84.26%, categorized as "Good." This indicates that employees at the Regional Revenue Agency of South Sumatra Province consistently arrive at the office on time. Employees are also informed if they cannot come to work and are ready to receive reprimands if absent without notification. However, with some respondents expressing "Strongly Disagree" and "Disagree," there is an indication that some employees have left the workplace without permission and have been late, receiving sanctions and reprimands imposed by the institution (Paryanti, 2019; Torlak & Kuzey, 2019; Braun et al., 2013; Bass, 1990).

In compliance with work regulations, the % of Agree and Strongly Agree responses is 85.22%, categorized as "Good." This indicates that compliance with work regulations at the Regional Revenue Agency of South Sumatra Province is well understood by employees, who are aware of the consequences of not adhering to the regulations. However, with some respondents expressing "Strongly Disagree" and "Disagree," there is an indication that some employees have difficulty complying with the regulations set by superiors.

Based on the overall respondent responses for the work discipline variable (X1), it can be concluded that, out of the two dimensions, the highest percentage of "Agree" and "Strongly Agree" responses is 85.22%, observed in the compliance with work regulations dimension. The lowest percentage is in the attendance dimension, which is 84.34%. This means that work discipline at the Regional Revenue Agency of South Sumatra Province is pretty good. However, there is still a need for evaluation, especially regarding employee attendance, as some employees leave during working hours without permission from superiors (Balansa et al., 2018; Ferriz-Valero et al., 2020; Margaretha et al., 2020).

Conclusion

Transformational leadership style and work discipline positively and significantly impact employee performance at the Regional Revenue Agency of South Sumatra Province.

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